

VZCZCXRO6041  
RR RUEHRG  
DE RUEHBR #2140/01 3181531  
ZNR UUUUU ZZH  
R 141531Z NOV 07  
FM AMEMBASSY BRASILIA  
TO RUEHC/SECSTATE WASHDC 0443  
INFO RUEHRG/AMCONSUL RECIFE 7369  
RUEHSO/AMCONSUL SAO PAULO 1171  
RUEHRI/AMCONSUL RIO DE JANEIRO 5434

UNCLAS SECTION 01 OF 02 BRASILIA 002140

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SUBJECT: BRAZIL: AMBASSADOR SOBEL DISCUSSES UPCOMING ECONOMIC  
DIALOGUE WITH UNDER SECRETARY AZEVEDO

11. (SBU) Summary: Ambassador Sobel and Brazilian Ministry of External Affairs (MRE) Under Secretary Roberto Azevedo met on November 9 at the MRE to discuss the upcoming State-MRE Economic Dialogue scheduled for December. During the meeting, Azevedo said the only deliverable he expected from the bilateral discussions was an agreement to increase flight frequencies. (In fact, negotiations led by State and ANAC are expected December 5-7 in Rio). Azevedo indicated that he would also like to pursue sectoral discussions on the textile industry. He noted that the GoB was still exploring the possibility of OECD participation, but needed to determine the long-term effect of membership before continuing. He did not place much emphasis on discussions of import safety or GMOs. Azevedo indicated that the GOB was interested in discussing joint cooperation, both "offensive and defensive," in third markets, such as China and Korea. The Ambassador encouraged the GoB to become involved in the discussion on the Chinese renminbi. End Summary.

12. (SBU) On November 9, the Ambassador met with Brazilian Ministry of External Affairs (MRE) Under Secretary Roberto Azevedo at the MRE to discuss the upcoming December State-MRE Economic Dialogue. During the meeting, Azevedo stressed that both sides should find areas where they can successfully work together. Azevedo said that although he thinks the discussions should not exclude the private sector, there should be a point when the USG and GoB select economic and commercial topics that address the overall strategy concerning the direction the USG and the GoB will take in the future. Except for aviation, Azevedo did not expect any early deliverables as a result of the talks. He told the Ambassador that, barring an unexpected senior officials meeting in Geneva, he would be available on December 13 and asked to hold the meeting on that date.

13. (SBU) The Ambassador asked Azevedo what he felt were the most promising opportunities for the Economic Dialogue. Azevedo (referring to sectoral discussions) replied that he felt positive results came out of a recent Washington meeting with textile industry representatives and suggested both governments explore this further. He opined that USG and GoB support for private sector involvement in the talks would play well in the media.

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OECD Participation  
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14. (SBU) The Ambassador inquired about Brazil's consideration of deeper OECD involvement, adding that it was Brazil's choice on how it wanted to proceed. He noted that there are many opportunities for engagement in individual areas and asked if Azevedo thought there would be ready deliverables from discussion of this topic. Azevedo relayed that the GoB is looking for the correct approach to

deepen its participation in the OECD. One avenue being considered is the designation of a GoB official to establish OECD contacts and determine if a dialogue about key issues was possible, but he did not believe this discussion would necessarily have to produce deliverables at this time. Instead, he preferred strategic talks on potential opportunities. He said he was much less concerned about what committees Brazil should join than where OECD membership would lead, in order to determine if OECD membership makes sense for Brazil.

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Other Issues  
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-- Aviation

15. (SBU) The only major deliverable Azevedo believed may come out of the December meeting is an agreement on increased flights between the U.S. and Brazil. The Ambassador noted that there was interest on all sides for increased air frequencies.

-- Import Safety

16. (SBU) Azevedo said there was some discussion (in Washington) on an import safety dialogue. He indicated that he did not feel this was a strategic item and was not sure if this topic would yield any short-term deliverables.

-- Genetically Modified Organisms (GMOs)

17. (SBU) Azevedo brought up the topic of genetically modified organisms (GMOs), explaining that the country has a "split personality" on the issue. While GMOs are an important business in Brazil, he pointed out that the subject is controversial with NGOs. He said it was an issue that "we can talk about and look at the

BRASILIA 00002140 002 OF 002

implications."

-- Joint Cooperation in Third Countries

18. (SBU) Azevedo stated that the GoB was interested in discussing joint cooperation, both "offensive and defensive," in third markets such as China and Korea. As justification, he noted unspecified subsidy concerns. The Ambassador encouraged the GoB to become involved in the discussion on the renminbi.

Sobel